

AMENDED IN SENATE AUGUST 13, 2014

AMENDED IN ASSEMBLY APRIL 8, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1692**

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**Introduced by Assembly Member Garcia**

February 13, 2014

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An act to amend Sections 85304, 85304.5, 89511, 89512, 89513, and 89519 of the Government Code, relating to the Political Reform Act of 1974.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1692, as amended, Garcia. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures, as defined, and imposing other reporting and recordkeeping requirements on campaign committees, as defined. The Fair Political Practices Commission administers and enforces the act. A violation of the act's provisions is punishable as a misdemeanor.

The act authorizes certain candidates and elective officers to establish a separate legal defense fund campaign account to defray attorney's fees and other related legal costs incurred in the defense of the candidate or elective officer who is subject to one or more civil, criminal, or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officers' governmental activities and duties, as specified.

This bill would define the phrase "attorney's fees and other related legal costs" for purposes of legal defense funds to include only

attorney's fees and other legal costs related to the defense of the candidate or officer and administrative costs directly related to compliance with the act. The definition would exclude certain other costs, including payment or reimbursement for a fine, penalty, judgment or settlement, except as specified.

The act provides that all contributions deposited into a campaign account are deemed to be held in trust for expenses associated with the election of the candidate or for expenses associated with holding offices. The act provides that an expenditure to seek or hold office is within the lawful execution of this trust if it is reasonably related to a political, legislative, or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act prohibits the use of campaign funds for fines, penalties, judgments, or settlements, except for certain parking fines and for actions for which attorney's fees may be paid with contributions under the act.

The bill would prohibit an expenditure of campaign funds for a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a personal benefit to the candidate or officer if it is determined that the expenditure was not reasonably related to a political, legislative, or governmental purpose. The bill would also prohibit an expenditure of campaign funds for a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a substantial personal benefit to the candidate or officer if it is determined that the expenditure was not directly related to a political, legislative, or governmental purpose. The bill would also apply the above-described definition for "attorney's fees and other costs" for purposes of the article concerning campaign fund expenditures.

*(2) This bill would incorporate additional changes to Section 89513 of the Government Code, proposed by AB 1666 and SB 831, that would become operative only if this bill and either or both of those bills are chaptered and become effective on or before January 1, 2015, and this bill is chaptered last.*

(2)

(3) By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3)

(4) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 85304 of the Government Code is  
2 amended to read:

3 85304. (a) A candidate for elective state office or an elected  
4 state officer may establish a separate account to defray attorney's  
5 fees and other related legal costs incurred for the candidate's or  
6 officer's legal defense if the candidate or officer is subject to one  
7 or more civil or criminal proceedings or administrative proceedings  
8 arising directly out of the conduct of an election campaign, the  
9 electoral process, or the performance of the officer's governmental  
10 activities and duties. These funds may be used only to defray those  
11 attorney fees and other related legal costs.

12 (b) A candidate may receive contributions to this account that  
13 are not subject to the contribution limits set forth in this article.  
14 However, all contributions shall be reported in a manner prescribed  
15 by the commission.

16 (c) Once the legal dispute is resolved, the candidate shall dispose  
17 of any funds remaining after all expenses associated with the  
18 dispute are discharged for one or more of the purposes set forth in  
19 paragraphs (1) to (5), inclusive, of subdivision (b) of Section  
20 89519.

21 (d) (1) For purposes of this section and Section 85304.5,  
22 "attorney's fees and other related legal costs" includes only the  
23 following:

24 (A) Attorney's fees and other legal costs related to the defense  
25 of the candidate or officer.

26 (B) Administrative costs directly related to compliance with the  
27 requirements of this title.

(2) “Attorney’s fees and other related legal costs” does not include expenses for fundraising, media or political consulting fees, mass mailing or other advertising, or, except as expressly authorized by subdivision (c) of Section 89513, a payment or reimbursement for a fine, penalty, judgment or settlement, or a payment to return or disgorge contributions made to any other committee controlled by the candidate or officer.

SEC. 2. Section 85304.5 of the Government Code is amended to read:

85304.5. (a) A candidate for elective office other than an elective state office or an elected officer other than an elected state officer may establish a separate account pursuant to subdivision (a) of Section 85304 and may use these funds only to defray attorney’s fees and other related legal costs.

(b) A candidate for an elective office other than an elective state office may receive contributions to the separate account subject to any limitations provided by local ordinance. However, all contributions to these separate accounts shall be reported in a manner prescribed by the commission.

(c) Once the legal dispute is resolved, the candidate or elected officer shall dispose of any funds remaining in the separate accounts after all expenses associated with the dispute are discharged for one or more of the purposes set forth in paragraphs (1) to (5), inclusive, of subdivision (b) of Section 89519.

(d) For purposes of this section, “attorney’s fees and other related legal costs” has the same meaning as in Section 85304.

SEC. 3. Section 89511 of the Government Code is amended to read:

89511. (a) This article applies to campaign funds held by candidates for elective office, elected officers, controlled committees, ballot measure committees, committees opposed to a candidate or measure, and any committee which qualifies as a committee pursuant to subdivision (a) of Section 82013.

(b) (1) For purposes of this chapter, “campaign funds” includes any contributions, cash, cash equivalents, and other assets received or possessed by a committee as defined by subdivision (a) of Section 82013.

(2) For purposes of this chapter, “committee” means a controlled committee, ballot measure committee, committee opposed to a

1 candidate or measure, and any committee which qualifies as a  
2 committee pursuant to subdivision (a) of Section 82013.

3 (3) For purposes of this chapter, “substantial personal benefit”  
4 means an expenditure of campaign funds which results in a direct  
5 personal benefit with a value of more than two hundred dollars  
6 (\$200) to a candidate, elected officer, or any individual or  
7 individuals with authority to approve the expenditure of campaign  
8 funds held by a committee.

9 (4) For purposes of this article, “household” includes the  
10 candidate’s or elected officer’s spouse, dependent children, and  
11 parents who reside with the candidate or elected officer.

12 (5) (A) For purposes of this article, “attorney’s fees and other  
13 costs” includes only the following:

14 (i) Attorney’s fees and other legal costs related to the defense  
15 of the candidate or officer.

16 (ii) Administrative costs directly related to compliance with the  
17 requirements of this title.

18 (B) “Attorney’s fees and other costs” does not include expenses  
19 for fundraising, media or political consulting fees, mass mailing  
20 or other advertising, or, except as expressly authorized by  
21 subdivision (c) of Section 89513, a payment or reimbursement for  
22 a fine, penalty, judgment or settlement, or a payment to return or  
23 disgorge contributions made to any other committee controlled by  
24 the candidate or officer.

25 SEC. 4. Section 89512 of the Government Code is amended  
26 to read:

27 89512. (a) An expenditure to seek office is within the lawful  
28 execution of the trust imposed by Section 89510 if it is reasonably  
29 related to a political purpose. An expenditure associated with  
30 holding office is within the lawful execution of the trust imposed  
31 by Section 89510 if it is reasonably related to a legislative or  
32 governmental purpose. Expenditures which confer a substantial  
33 personal benefit shall be directly related to a political, legislative,  
34 or governmental purpose.

35 (b) Except as expressly authorized by this article, an expenditure  
36 for a fine, penalty, judgment, or settlement is not within the lawful  
37 execution of the trust imposed by Section 89510.

38 SEC. 5. Section 89513 of the Government Code is amended  
39 to read:

1     89513. This section governs the use of campaign funds for the  
2 specific expenditures set forth in this section. It is the intent of the  
3 Legislature that this section shall guide the interpretation of the  
4 standard imposed by Section 89512 as applied to other expenditures  
5 not specifically set forth in this section.

6     (a) (1) Campaign funds shall not be used to pay or reimburse  
7 the candidate, the elected officer, or any individual or individuals  
8 with authority to approve the expenditure of campaign funds held  
9 by a committee, or employees or staff of the committee or the  
10 elected officer's governmental agency for travel expenses and  
11 necessary accommodations except when these expenditures are  
12 directly related to a political, legislative, or governmental purpose.

13     (2) For the purposes of this section, payments or reimbursements  
14 for travel and necessary accommodations shall be considered as  
15 directly related to a political, legislative, or governmental purpose  
16 if the payments would meet standards similar to the standards of  
17 the Internal Revenue Service pursuant to Sections 162 and 274 of  
18 the Internal Revenue Code for deductions of travel expenses under  
19 the federal income tax law.

20     (3) For the purposes of this section, payments or reimbursement  
21 for travel by the household of a candidate or elected officer when  
22 traveling to the same destination in order to accompany the  
23 candidate or elected officer shall be considered for the same  
24 purpose as the candidate's or elected officer's travel.

25     (4) Whenever campaign funds are used to pay or reimburse a  
26 candidate, elected officer, his or her representative, or a member  
27 of the candidate's household for travel expenses and necessary  
28 accommodations, the expenditure shall be reported as required by  
29 Section 84211.

30     (5) Whenever campaign funds are used to pay or reimburse for  
31 travel expenses and necessary accommodations, any mileage credit  
32 that is earned or awarded pursuant to an airline bonus mileage  
33 program shall be deemed personally earned by or awarded to the  
34 individual traveler. Neither the earning or awarding of mileage  
35 credit, nor the redeeming of credit for actual travel, shall be subject  
36 to reporting pursuant to Section 84211.

37     (b) (1) Campaign funds shall not be used to pay for or reimburse  
38 the cost of professional services unless the services are directly  
39 related to a political, legislative, or governmental purpose.

1 (2) Expenditures by a committee to pay for professional services  
2 reasonably required by the committee to assist it in the performance  
3 of its administrative functions are directly related to a political,  
4 legislative, or governmental purpose.

5 (3) Campaign funds shall not be used to pay health-related  
6 expenses for a candidate, elected officer, or any individual or  
7 individuals with authority to approve the expenditure of campaign  
8 funds held by a committee, or members of his or her household.  
9 “Health-related expenses” includes, but is not limited to,  
10 examinations by physicians, dentists, psychiatrists, psychologists,  
11 or counselors, expenses for medications, treatments or medical  
12 equipment, and expenses for hospitalization, health club dues, and  
13 special dietary foods. However, campaign funds may be used to  
14 pay employer costs of health care benefits of a bona fide employee  
15 or independent contractor of the committee.

16 (c) Campaign funds shall not be used to pay or reimburse fines,  
17 penalties, judgments, or settlements, except those resulting from  
18 either of the following:

19 (1) Parking citations incurred in the performance of an activity  
20 that was directly related to a political, legislative, or governmental  
21 purpose.

22 (2) Any other action for which payment of attorney’s fees from  
23 contributions would be permitted pursuant to this title. However,  
24 campaign funds shall not be used to pay a fine, penalty, judgment,  
25 or settlement relating to an expenditure of campaign funds that  
26 resulted in either of the following:

27 (A) A personal benefit to the candidate or officer if it is  
28 determined that the expenditure was not reasonably related to a  
29 political, legislative, or governmental purpose.

30 (B) A substantial personal benefit to the candidate or officer if  
31 it is determined that the expenditure was not directly related to a  
32 political, legislative, or governmental, purpose.

33 (d) Campaign funds shall not be used for campaign, business,  
34 or casual clothing except specialty clothing that is not suitable for  
35 everyday use, including, but not limited to, formal wear, if this  
36 attire is to be worn by the candidate or elected officer and is directly  
37 related to a political, legislative, or governmental purpose.

38 (e) (1) Except where otherwise prohibited by law, campaign  
39 funds may be used to purchase or reimburse for the costs of  
40 purchase of tickets to political fundraising events for the attendance

1 of a candidate, elected officer, or his or her immediate family, or  
2 an officer, director, employee, or staff of the committee or the  
3 elected officer's governmental agency.

4 (2) Campaign funds shall not be used to pay for or reimburse  
5 for the costs of tickets for entertainment or sporting events for the  
6 candidate, elected officer, or members of his or her immediate  
7 family, or an officer, director, employee, or staff of the committee,  
8 unless their attendance at the event is directly related to a political,  
9 legislative, or governmental purpose.

10 (3) The purchase of tickets for entertainment or sporting events  
11 for the benefit of persons other than the candidate, elected officer,  
12 or his or her immediate family are governed by subdivision (f).

13 (f) (1) Campaign funds shall not be used to make personal gifts  
14 unless the gift is directly related to a political, legislative, or  
15 governmental purpose. The refund of a campaign contribution  
16 does not constitute the making of a gift.

17 (2) Nothing in this section shall prohibit the use of campaign  
18 funds to reimburse or otherwise compensate a public employee  
19 for services rendered to a candidate or committee while on  
20 vacation, leave, or otherwise outside of compensated public time.

21 (3) An election victory celebration or similar campaign event,  
22 or gifts with a total cumulative value of less than two hundred fifty  
23 dollars (\$250) in a single year made to an individual employee, a  
24 committee worker, or an employee of the elected officer's agency,  
25 are considered to be directly related to a political, legislative, or  
26 governmental purpose. For purposes of this paragraph, a gift to a  
27 member of a person's immediate family shall be deemed to be a  
28 gift to that person.

29 (g) Campaign funds shall not be used to make loans other than  
30 to organizations pursuant to Section 89515, or, unless otherwise  
31 prohibited, to a candidate for elective office, political party, or  
32 committee.

33 *SEC. 5.1. Section 89513 of the Government Code is amended*  
34 *to read:*

35 89513. This section governs the use of campaign funds for the  
36 specific expenditures set forth in this section. It is the intent of the  
37 Legislature that this section shall guide the interpretation of the  
38 standard imposed by Section 89512 as applied to other expenditures  
39 not specifically set forth in this section.



1 (a) (1) Campaign funds shall not be used to pay or reimburse  
2 the candidate, the elected officer, or any individual or individuals  
3 with authority to approve the expenditure of campaign funds held  
4 by a committee, or employees or staff of the committee or the  
5 elected officer's governmental agency for travel expenses and  
6 necessary accommodations except when these expenditures are  
7 directly related to a political, legislative, or governmental purpose.

8 (2) For the purposes of this section, payments or reimbursements  
9 for travel and necessary accommodations shall be considered as  
10 directly related to a political, legislative, or governmental purpose  
11 if the payments would meet standards similar to the standards of  
12 the Internal Revenue Service pursuant to Sections 162 and 274 of  
13 the Internal Revenue Code for deductions of travel expenses under  
14 the federal income tax law.

15 (3) For the purposes of this section, payments or reimbursement  
16 for travel by the household of a candidate or elected officer when  
17 traveling to the same destination in order to accompany the  
18 candidate or elected officer shall be considered for the same  
19 purpose as the candidate's or elected officer's travel.

20 (4) Whenever campaign funds are used to pay or reimburse a  
21 candidate, elected officer, his or her representative, or a member  
22 of the candidate's household for travel expenses and necessary  
23 accommodations, the expenditure shall be reported as required by  
24 Section 84211.

25 (5) Whenever campaign funds are used to pay or reimburse for  
26 travel expenses and necessary accommodations, any mileage credit  
27 that is earned or awarded pursuant to an airline bonus mileage  
28 program shall be deemed personally earned by or awarded to the  
29 individual traveler. Neither the earning or awarding of mileage  
30 credit, nor the redeeming of credit for actual travel, shall be subject  
31 to reporting pursuant to Section 84211.

32 (b) (1) Campaign funds shall not be used to pay for or reimburse  
33 the cost of professional services unless the services are directly  
34 related to a political, legislative, or governmental purpose.

35 (2) Expenditures by a committee to pay for professional services  
36 reasonably required by the committee to assist it in the performance  
37 of its administrative functions are directly related to a political,  
38 legislative, or governmental purpose.

39 (3) Campaign funds shall not be used to pay health-related  
40 expenses for a candidate, elected officer, or any individual or

1 individuals with authority to approve the expenditure of campaign  
2 funds held by a committee, or members of his or her household.  
3 “Health-related expenses” includes, but is not limited to,  
4 examinations by physicians, dentists, psychiatrists, psychologists,  
5 or counselors, expenses for medications, treatments or medical  
6 equipment, and expenses for hospitalization, health club dues, and  
7 special dietary foods. However, campaign funds may be used to  
8 pay employer costs of health care benefits of a bona fide employee  
9 or independent contractor of the committee.

10 (c) (1) Campaign funds shall not be used to pay or reimburse  
11 fines, penalties, judgments, or settlements, except those resulting  
12 from either of the following:

13 ~~(1)~~

14 (A) Parking citations incurred in the performance of an activity  
15 that was directly related to a political, legislative, or governmental  
16 purpose.

17 ~~(2)~~

18 (B) Any other action for which payment of attorney’s fees from  
19 contributions would be permitted pursuant to this title. *However,*  
20 *campaign funds shall not be used to pay a fine, penalty, judgment,*  
21 *or settlement relating to an expenditure of campaign funds that*  
22 *resulted in either of the following:*

23 (i) *A personal benefit to the candidate or officer if it is*  
24 *determined that the expenditure was not reasonably related to a*  
25 *political, legislative, or governmental purpose.*

26 (ii) *A substantial personal benefit to the candidate or officer if*  
27 *it is determined that the expenditure was not directly related to a*  
28 *political, legislative, or governmental purpose.*

29 (2) *Campaign funds shall not be used to pay a restitution fine*  
30 *imposed under Section 86 of the Penal Code.*

31 (d) Campaign funds shall not be used for campaign, business,  
32 or casual clothing except specialty clothing that is not suitable for  
33 everyday use, including, but not limited to, formal wear, if this  
34 attire is to be worn by the candidate or elected officer and is directly  
35 related to a political, legislative, or governmental purpose.

36 (e) (1) Except where otherwise prohibited by law, campaign  
37 funds may be used to purchase or reimburse for the costs of  
38 purchase of tickets to political fundraising events for the attendance  
39 of a candidate, elected officer, or his or her immediate family, or

1 an officer, director, employee, or staff of the committee or the  
2 elected officer's governmental agency.

3 (2) Campaign funds shall not be used to pay for or reimburse  
4 for the costs of tickets for entertainment or sporting events for the  
5 candidate, elected officer, or members of his or her immediate  
6 family, or an officer, director, employee, or staff of the committee,  
7 unless their attendance at the event is directly related to a political,  
8 legislative, or governmental purpose.

9 (3) The purchase of tickets for entertainment or sporting events  
10 for the benefit of persons other than the candidate, elected officer,  
11 or his or her immediate family are governed by subdivision (f).

12 (f) (1) Campaign funds shall not be used to make personal gifts  
13 unless the gift is directly related to a political, legislative, or  
14 governmental purpose. The refund of a campaign contribution  
15 does not constitute the making of a gift.

16 (2) Nothing in this section shall prohibit the use of campaign  
17 funds to reimburse or otherwise compensate a public employee  
18 for services rendered to a candidate or committee while on  
19 vacation, leave, or otherwise outside of compensated public time.

20 (3) An election victory celebration or similar campaign event,  
21 or gifts with a total cumulative value of less than two hundred fifty  
22 dollars (\$250) in a single year made to an individual employee, a  
23 committee worker, or an employee of the elected officer's agency,  
24 are considered to be directly related to a political, legislative, or  
25 governmental purpose. For purposes of this paragraph, a gift to a  
26 member of a person's immediate family shall be deemed to be a  
27 gift to that person.

28 (g) Campaign funds shall not be used to make loans other than  
29 to organizations pursuant to Section 89515, or, unless otherwise  
30 prohibited, to a candidate for elective office, political party, or  
31 committee.

32 *SEC. 5.2. Section 89513 of the Government Code is amended*  
33 *to read:*

34 89513. This section governs the use of campaign funds for the  
35 specific expenditures set forth in this section. It is the intent of the  
36 Legislature that this section ~~shall~~ guide the interpretation of the  
37 standard imposed by Section 89512 as applied to other expenditures  
38 not specifically set forth in this section.

39 (a) (1) Campaign funds shall not be used to pay or reimburse  
40 ~~the a~~ candidate, ~~the~~ elected officer, or any individual or individuals

1 with authority to approve the expenditure of campaign funds held  
2 by a committee, or employees or staff of the committee or the  
3 elected officer's governmental ~~agency~~ *agency*, for travel expenses  
4 and necessary ~~accommodations~~ *accommodations*, except when  
5 these expenditures are directly related to a political, legislative, or  
6 governmental purpose.

7 (2) For ~~the~~ purposes of this section, payments or reimbursements  
8 for travel and necessary accommodations shall be considered as  
9 directly related to a political, legislative, or governmental purpose  
10 if the payments would meet standards similar to the standards of  
11 the Internal Revenue Service pursuant to Sections 162 and 274 of  
12 the Internal Revenue Code for deductions of travel expenses under  
13 the federal income tax law.

14 (3) For ~~the~~ purposes of this section, payments or reimbursement  
15 for travel by the household of a candidate or elected officer when  
16 traveling to the same destination in order to accompany the  
17 candidate or elected officer shall be considered for the same  
18 purpose as the candidate's or elected officer's travel.

19 (4) ~~Whenever~~ *If* campaign funds are used to pay or reimburse  
20 a candidate, elected officer, his or her representative, or a member  
21 of the candidate's household for travel expenses and necessary  
22 accommodations, the expenditure shall be reported as required by  
23 Section 84211.

24 (5) ~~Whenever~~ *If* campaign funds are used to pay or reimburse  
25 for travel expenses and necessary accommodations, any mileage  
26 credit that is earned or awarded pursuant to an airline bonus  
27 mileage program shall be deemed personally earned by or awarded  
28 to the individual traveler. Neither the earning or awarding of  
29 mileage credit, nor the redeeming of credit for actual travel, shall  
30 be subject to reporting pursuant to Section 84211.

31 (6) *Campaign funds shall not be used to make a payment for a*  
32 *personal vacation for a candidate; elected officer; immediate*  
33 *family member of a candidate or elected officer; or an officer,*  
34 *director, employee, or member of the staff of a candidate, elected*  
35 *officer, or committee.*

36 (b) (1) Campaign funds shall not be used to pay for or reimburse  
37 the cost of professional services unless the services are directly  
38 related to a political, legislative, or governmental purpose.

39 (2) Expenditures by a committee to pay for professional services  
40 reasonably required by the committee to assist it in the performance

1 of its administrative functions are directly related to a political,  
2 legislative, or governmental purpose.

3 (3) Campaign funds shall not be used to pay health-related  
4 expenses for a candidate, elected officer, or any individual or  
5 individuals with authority to approve the expenditure of campaign  
6 funds held by a committee, or members of his or her household.  
7 “Health-related expenses” includes, but is not limited to,  
8 examinations by physicians, dentists, psychiatrists, psychologists,  
9 or ~~counselors~~, *counselors*; expenses for medications, ~~treatments~~  
10 ~~treatments~~, or medical ~~equipment~~, *equipment*; and expenses for  
11 ~~hospitalization~~, ~~health club dues~~, *hospitalization* and special dietary  
12 foods. However, campaign funds may be used to pay employer  
13 costs of health care benefits of a bona fide employee or independent  
14 contractor of the committee.

15 (4) *Campaign funds shall not be used to make a payment for*  
16 *membership dues for a country club, health club, or other*  
17 *recreational facility.*

18 (5) *Campaign funds shall not be used to make tuition payments,*  
19 *unless the payments are directly related to a political, legislative,*  
20 *or governmental purpose.*

21 (c) Campaign funds shall not be used to pay or reimburse fines,  
22 penalties, judgments, or settlements, except those resulting from  
23 either of the following:

24 (1) Parking citations incurred in the performance of an activity  
25 that was directly related to a political, legislative, or governmental  
26 purpose.

27 (2) Any other action for which payment of attorney’s fees from  
28 contributions would be permitted pursuant to this title. *However,*  
29 *campaign funds shall not be used to pay a fine, penalty, judgment,*  
30 *or settlement relating to an expenditure of campaign funds that*  
31 *resulted in either of the following:*

32 (A) *A personal benefit to the candidate or officer if it is*  
33 *determined that the expenditure was not reasonably related to a*  
34 *political, legislative, or governmental purpose.*

35 (B) *A substantial personal benefit to the candidate or officer if*  
36 *it is determined that the expenditure was not directly related to a*  
37 *political, legislative, or governmental purpose.*

38 (d) Campaign funds shall not be used ~~for campaign, business,~~  
39 ~~or casual clothing except specialty clothing that is not suitable for~~  
40 ~~everyday use, including, but not limited to, formal wear, if this~~

1 ~~attire is to purchase clothing to be worn by the a candidate or~~  
2 ~~electd officer and is directly related to a political, legislative, or~~  
3 ~~governmental purpose officer.~~

4 (e) (1) Except where otherwise prohibited by law, campaign  
5 funds may be used to purchase or reimburse for the costs of  
6 purchase of tickets to political fundraising events for the attendance  
7 of a candidate, elected officer, or his or her immediate family, or  
8 an officer, director, employee, or staff of the committee or the  
9 elected officer's governmental agency.

10 (2) Campaign funds shall not be used to pay for or reimburse  
11 for the costs of tickets for entertainment or sporting events for the  
12 candidate, elected officer, or members of his or her immediate  
13 family, or an officer, director, employee, or staff of the committee,  
14 unless their attendance at the event is directly related to a political,  
15 legislative, or governmental purpose.

16 (3) The purchase of tickets for entertainment or sporting events  
17 for the benefit of persons other than the candidate, elected officer,  
18 or his or her immediate family are governed by subdivision (f).

19 (f) (1) Campaign funds shall not be used to make ~~personal gifts~~  
20 *a gift to a spouse, child, sibling, or parent of a candidate, elected*  
21 *officer, or other individual with authority to approve the*  
22 *expenditure of campaign funds held by a committee, except for a*  
23 *gift of nominal value that is substantially similar to a gift made to*  
24 *other persons and that is directly related to a political, legislative,*  
25 *or governmental purpose. Campaign funds shall not be used to*  
26 *make personal gifts to any other person not described in this*  
27 *paragraph unless the gift is directly related to a political,*  
28 *legislative, or governmental purpose. The refund of a campaign*  
29 *contribution does not constitute the making of a gift.*

30 (2) ~~Nothing in this section shall~~ *This section does not* prohibit  
31 the use of campaign funds to reimburse or otherwise compensate  
32 a public employee for services rendered to a candidate or  
33 committee while on vacation, leave, or otherwise outside of  
34 compensated public time.

35 (3) An election victory celebration or similar campaign event,  
36 or gifts with a total cumulative value of less than two hundred fifty  
37 dollars (\$250) in a single year made to an individual employee, a  
38 committee worker, or an employee of the elected officer's agency,  
39 are considered to be directly related to a political, legislative, or  
40 governmental purpose. For purposes of this paragraph, a gift to a

1 member of a person's immediate family shall be deemed to be a  
2 gift to that person.

3 (g) Campaign funds shall not be used to make loans other than  
4 to organizations pursuant to Section 89515, or, unless otherwise  
5 prohibited, to a candidate for elective office, political party, or  
6 committee.

7 *SEC. 5.3. Section 89513 of the Government Code is amended*  
8 *to read:*

9 89513. This section governs the use of campaign funds for the  
10 specific expenditures set forth in this section. It is the intent of the  
11 Legislature that this section ~~shall~~ guide the interpretation of the  
12 standard imposed by Section 89512 as applied to other expenditures  
13 not specifically set forth in this section.

14 (a) (1) Campaign funds shall not be used to pay or reimburse  
15 ~~the a candidate, the~~ elected officer, or any individual or individuals  
16 with authority to approve the expenditure of campaign funds held  
17 by a committee, or employees or staff of the committee or the  
18 elected officer's governmental ~~agency~~ *agency*, for travel expenses  
19 and necessary ~~accommodations~~ *accommodations*, except when  
20 these expenditures are directly related to a political, legislative, or  
21 governmental purpose.

22 (2) For ~~the~~ purposes of this section, payments or reimbursements  
23 for travel and necessary accommodations shall be considered as  
24 directly related to a political, legislative, or governmental purpose  
25 if the payments would meet standards similar to the standards of  
26 the Internal Revenue Service pursuant to Sections 162 and 274 of  
27 the Internal Revenue Code for deductions of travel expenses under  
28 the federal income tax law.

29 (3) For ~~the~~ purposes of this section, payments or reimbursement  
30 for travel by the household of a candidate or elected officer when  
31 traveling to the same destination in order to accompany the  
32 candidate or elected officer shall be considered for the same  
33 purpose as the candidate's or elected officer's travel.

34 (4) ~~Whenever~~ *If* campaign funds are used to pay or reimburse  
35 a candidate, elected officer, his or her representative, or a member  
36 of the candidate's household for travel expenses and necessary  
37 accommodations, the expenditure shall be reported as required by  
38 Section 84211.

39 (5) ~~Whenever~~ *If* campaign funds are used to pay or reimburse  
40 for travel expenses and necessary accommodations, any mileage

1 credit that is earned or awarded pursuant to an airline bonus  
2 mileage program shall be deemed personally earned by or awarded  
3 to the individual traveler. Neither the earning or awarding of  
4 mileage credit, nor the redeeming of credit for actual travel, shall  
5 be subject to reporting pursuant to Section 84211.

6 *(6) Campaign funds shall not be used to make a payment for a*  
7 *personal vacation for a candidate; elected officer; immediate*  
8 *family member of a candidate or elected officer; or an officer,*  
9 *director, employee, or member of the staff of a candidate, elected*  
10 *officer, or committee.*

11 (b) (1) Campaign funds shall not be used to pay for or reimburse  
12 the cost of professional services unless the services are directly  
13 related to a political, legislative, or governmental purpose.

14 (2) Expenditures by a committee to pay for professional services  
15 reasonably required by the committee to assist it in the performance  
16 of its administrative functions are directly related to a political,  
17 legislative, or governmental purpose.

18 (3) Campaign funds shall not be used to pay health-related  
19 expenses for a candidate, elected officer, or any individual or  
20 individuals with authority to approve the expenditure of campaign  
21 funds held by a committee, or members of his or her household.  
22 “Health-related expenses” includes, but is not limited to,  
23 examinations by physicians, dentists, psychiatrists, psychologists,  
24 or ~~counselors~~, *counselors*; expenses for medications, ~~treatments~~  
25 *treatments*, or medical ~~equipment~~, *equipment*; and expenses for  
26 ~~hospitalization, health club dues, hospitalization~~ and special dietary  
27 foods. However, campaign funds may be used to pay employer  
28 costs of health care benefits of a bona fide employee or independent  
29 contractor of the committee.

30 (4) *Campaign funds shall not be used to make a payment for*  
31 *membership dues for a country club, health club, or other*  
32 *recreational facility.*

33 (5) *Campaign funds shall not be used to make tuition payments,*  
34 *unless the payments are directly related to a political, legislative,*  
35 *or governmental purpose.*

36 (c) (1) Campaign funds shall not be used to pay or reimburse  
37 fines, penalties, judgments, or settlements, except those resulting  
38 from either of the following:

39 (H)



1 (A) Parking citations incurred in the performance of an activity  
2 that was directly related to a political, legislative, or governmental  
3 purpose.

4 (2)

5 (B) Any other action for which payment of attorney's fees from  
6 contributions would be permitted pursuant to this title. *However,*  
7 *campaign funds shall not be used to pay a fine, penalty, judgment,*  
8 *or settlement relating to an expenditure of campaign funds that*  
9 *resulted in either of the following:*

10 (i) *A personal benefit to the candidate or officer if it is*  
11 *determined that the expenditure was not reasonably related to a*  
12 *political, legislative, or governmental purpose.*

13 (ii) *A substantial personal benefit to the candidate or officer if*  
14 *it is determined that the expenditure was not directly related to a*  
15 *political, legislative, or governmental purpose.*

16 (2) *Campaign funds shall not be used to pay a restitution fine*  
17 *imposed under Section 86 of the Penal Code.*

18 (d) ~~Campaign funds shall not be used for campaign, business,~~  
19 ~~or casual clothing except specialty clothing that is not suitable for~~  
20 ~~everyday use, including, but not limited to, formal wear, if this~~  
21 ~~attire is to purchase clothing to be worn by the a candidate or~~  
22 ~~elected officer and is directly related to a political, legislative, or~~  
23 ~~governmental purpose officer.~~

24 (e) (1) Except where otherwise prohibited by law, campaign  
25 funds may be used to purchase or reimburse for the costs of  
26 purchase of tickets to political fundraising events for the attendance  
27 of a candidate, elected officer, or his or her immediate family, or  
28 an officer, director, employee, or staff of the committee or the  
29 elected officer's governmental agency.

30 (2) Campaign funds shall not be used to pay for or reimburse  
31 for the costs of tickets for entertainment or sporting events for the  
32 candidate, elected officer, or members of his or her immediate  
33 family, or an officer, director, employee, or staff of the committee,  
34 unless their attendance at the event is directly related to a political,  
35 legislative, or governmental purpose.

36 (3) The purchase of tickets for entertainment or sporting events  
37 for the benefit of persons other than the candidate, elected officer,  
38 or his or her immediate family are governed by subdivision (f).

39 (f) (1) Campaign funds shall not be used to make ~~personal gifts~~  
40 *a gift to a spouse, child, sibling, or parent of a candidate, elected*

1 officer, or other individual with authority to approve the  
2 expenditure of campaign funds held by a committee, except for a  
3 gift of nominal value that is substantially similar to a gift made to  
4 other persons and that is directly related to a political, legislative,  
5 or governmental purpose. Campaign funds shall not be used to  
6 make personal gifts to any other person not described in this  
7 paragraph unless the gift is directly related to a political,  
8 legislative, or governmental purpose. The refund of a campaign  
9 contribution does not constitute the making of a gift.

10 (2) ~~Nothing in this section shall~~ *This section does not* prohibit  
11 the use of campaign funds to reimburse or otherwise compensate  
12 a public employee for services rendered to a candidate or  
13 committee while on vacation, leave, or otherwise outside of  
14 compensated public time.

15 (3) An election victory celebration or similar campaign event,  
16 or gifts with a total cumulative value of less than two hundred fifty  
17 dollars (\$250) in a single year made to an individual employee, a  
18 committee worker, or an employee of the elected officer's agency,  
19 are considered to be directly related to a political, legislative, or  
20 governmental purpose. For purposes of this paragraph, a gift to a  
21 member of a person's immediate family shall be deemed to be a  
22 gift to that person.

23 (g) Campaign funds shall not be used to make loans other than  
24 to organizations pursuant to Section 89515, or, unless otherwise  
25 prohibited, to a candidate for elective office, political party, or  
26 committee.

27 SEC. 6. Section 89519 of the Government Code, as amended  
28 by Chapter 9 of the Statutes of 2014, is amended to read:

29 89519. (a) Upon the 90th day after leaving an elective office,  
30 or the 90th day following the end of the postelection reporting  
31 period following the defeat of a candidate for elective office,  
32 whichever occurs last, campaign funds under the control of the  
33 former candidate or elected officer shall be considered surplus  
34 campaign funds and shall be disclosed pursuant to Chapter 4  
35 (commencing with Section 84100).

36 (b) Surplus campaign funds shall be used only for the following  
37 purposes:

38 (1) The payment of outstanding campaign debts or elected  
39 officer's expenses.

40 (2) The repayment of contributions.

1 (3) Donations to a bona fide charitable, educational, civic,  
2 religious, or similar tax-exempt, nonprofit organization, where no  
3 substantial part of the proceeds will have a material financial effect  
4 on the former candidate or elected officer, any member of his or  
5 her immediate family, or his or her campaign treasurer.

6 (4) Contributions to a political party committee, provided the  
7 campaign funds are not used to support or oppose candidates for  
8 elective office. However, the campaign funds may be used by a  
9 political party committee to conduct partisan voter registration,  
10 partisan get-out-the-vote activities, and slate mailers as that term  
11 is defined in Section 82048.3.

12 (5) Contributions to support or oppose a candidate for federal  
13 office, a candidate for elective office in a state other than  
14 California, or a ballot measure.

15 (6) The payment for professional services reasonably required  
16 by the committee to assist in the performance of its administrative  
17 functions, including payment for attorney's fees and other costs  
18 for litigation that arises directly out of a candidate's or elected  
19 officer's activities, duties, or status as a candidate or elected officer,  
20 including, but not limited to, an action to enjoin defamation,  
21 defense of an action brought for a violation of state or local  
22 campaign, disclosure, or election laws, and an action from an  
23 election contest or recount.

24 (c) For purposes of this section, the payment for, or the  
25 reimbursement to the state of, the costs of installing and monitoring  
26 an electronic security system in the home or office, or both, of a  
27 candidate or elected officer who has received threats to his or her  
28 physical safety shall be deemed an outstanding campaign debt or  
29 elected officer's expense, provided that the threats arise from his  
30 or her activities, duties, or status as a candidate or elected officer  
31 and that the threats have been reported to and verified by an  
32 appropriate law enforcement agency. Verification shall be  
33 determined solely by the law enforcement agency to which the  
34 threat was reported. The candidate or elected officer shall report  
35 an expenditure of campaign funds made pursuant to this section  
36 to the Commission. The report to the Commission shall include  
37 the date that the candidate or elected officer informed the law  
38 enforcement agency of the threat, the name and the telephone  
39 number of the law enforcement agency, and a brief description of  
40 the threat. No more than five thousand dollars (\$5,000) in surplus

1 campaign funds may be used, cumulatively, by a candidate or  
2 elected officer pursuant to this subdivision. Payments made  
3 pursuant to this subdivision shall be made during the two years  
4 immediately following the date upon which the campaign funds  
5 become surplus campaign funds. The candidate or elected officer  
6 shall reimburse the surplus fund account for the fair market value  
7 of the security system no later than two years immediately  
8 following the date upon which the campaign funds became surplus  
9 campaign funds. The campaign funds become surplus campaign  
10 funds upon sale of the property on which the system is installed,  
11 or prior to the closing of the surplus campaign fund account,  
12 whichever comes first. The electronic security system shall be the  
13 property of the campaign committee of the candidate or elected  
14 officer.

15 *SEC. 7. (a) Section 5.1 of this bill incorporates amendments*  
16 *to Section 89513 of the Government Code proposed by both this*  
17 *bill and Assembly Bill 1666. It shall only become operative if (1)*  
18 *both bills are enacted and become effective on or before January*  
19 *1, 2015, (2) each bill amends Section 89513 of the Government*  
20 *Code, (3) Senate Bill 831 is not enacted or as enacted does not*  
21 *amend Section 89513 of the Government Code, and (4) this bill is*  
22 *enacted after Assembly Bill 1666, in which case Sections 5, 5.2,*  
23 *and 5.3 of this bill shall not become operative.*

24 *(b) Section 5.2 of this bill incorporates amendments to Section*  
25 *89513 of the Government Code proposed by both this bill and*  
26 *Senate Bill 831. It shall only become operative if (1) both bills are*  
27 *enacted and become effective on or before January 1, 2015, (2)*  
28 *each bill amends Section 89513 of the Government Code, (3)*  
29 *Assembly Bill 1666 is not enacted or as enacted does not amend*  
30 *Section 89513 of the Government Code, and (4) this bill is enacted*  
31 *after Senate Bill 831, in which case Sections 5, 5.1, and 5.3 of this*  
32 *bill shall not become operative.*

33 *(c) Section 5.3 of this bill incorporates amendments to Section*  
34 *89513 of the Government Code proposed by this bill, Assembly*  
35 *Bill 1666, and Senate Bill 831. It shall only become operative if*  
36 *(1) all three bills are enacted and become effective on or before*  
37 *January 1, 2015, (2) all three bills amend Section 89513 of the*  
38 *Government Code, and (3) this bill is enacted after Assembly Bill*  
39 *1666 and Senate Bill 831, in which case Sections 5, 5.1, and 5.2*  
40 *of this bill shall not become operative.*

1     ~~SEC. 7.~~

2     *SEC. 8.* No reimbursement is required by this act pursuant to  
3 Section 6 of Article XIII B of the California Constitution because  
4 the only costs that may be incurred by a local agency or school  
5 district will be incurred because this act creates a new crime or  
6 infraction, eliminates a crime or infraction, or changes the penalty  
7 for a crime or infraction, within the meaning of Section 17556 of  
8 the Government Code, or changes the definition of a crime within  
9 the meaning of Section 6 of Article XIII B of the California  
10 Constitution.

11    ~~SEC. 8.~~

12    *SEC. 9.* The Legislature finds and declares that this bill furthers  
13 the purposes of the Political Reform Act of 1974 within the  
14 meaning of subdivision (a) of Section 81012 of the Government  
15 Code.